

Stagecoach Rail Replacement Limited

Financial statements for the period ended 30 April 2009

Registered number: ⁰~~SC~~6596639



Directors' report

For the period ended 30 April 2009

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the 50 week period ended 30 April 2009.

Business review and principal activities

Stagecoach Rail Replacement Limited was incorporated in Scotland and commenced trading on 19 May 2008, in the provision of rail replacement bus services for East Midland Trains Limited. The Company arranges sub contractors to operate scheduled and emergency rail replacement services, in and around the East Midlands region and down to St Pancras International train station in London.

The results of the Company for the 50 week period ended 30 April 2009 show a pre-tax profit of £293,000 and turnover of £2,898,000. The Company has net assets of £208,000.

Business environment

The Company operates predominantly rail replacement bus services. These services are mainly operated on a commercial basis in a largely deregulated market. The Company benefits from being part of the UK Bus Division of Stagecoach Group plc, a nationwide public transport operator.

The Company operates in a competitive environment and differentiates itself from its competitors by:

- Improving operational and engineering facilities;
- Focusing on recruitment and retention of drivers;
- Investment in new vehicles; and
- Strong focus on technology and innovation.

Strategy

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate.

There are several elements to the Company's strategy for growth. They are:

- Continued focus on value-for-money ticket offerings;
- Investment in new vehicles to maximise our customers' experience;
- Commitment to excellent customer service;
- Strong focus on the safety and security of passengers and staff; and
- Consistent excellent operational performance.

Training and development

We have consistently sought to recruit and retain the best employees in the markets in which we operate. The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service.

The Company, under guidance from central UK Bus management, operates a National Vocational Qualification programme for all staff, as well as staff development, graduate trainee and apprentice engineer programmes.

Directors' report (continued)

For the period ended 30 April 2009

Future outlook

The current financial year to 30 April 2010 has started well and trading is in line with our expectations.

We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to improve on our current level of performance in the future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The management and reporting of risk is undertaken at Group level, rather than at an individual business unit level. The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2009 annual report (note 29), which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Stagecoach Group plc manage the Group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial Review (paragraph 3.5.2) of the Group's 2009 annual report which does not form part of this report.

Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a group level by a central Group treasury function. The Company has implemented policies, which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company.

Results and dividends

The directors recommend that no dividend be paid, and that profit on ordinary activities after taxation for the 50 week period ended 30 April 2009 amounted to £208,000 be transferred to reserves.

Directors

The directors who held office during the period under review and up to the date of approval of these accounts were:

Mr L B Warneford	Appointed 21 May 2008	
Mr C Brown	Appointed 21 May 2008	
Mr R Montgomery	Appointed 2 February 2009	
Mr P Medicott	Appointed 5 June 2008	Resigned 2 February 2009
Mr M C Meiklejohn	Resigned 21 May 2008	

Directors' report (continued)

For the period ended 30 April 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations

Donations to charitable organisations amounted to £Nil.

The Company does not make political contributions and accordingly there were no payments for political purposes during the period.

Disabled persons

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

Employee involvement

The Company is committed to employee participation and uses a variety of methods to inform, consult and involve its employees. Employees participate directly in the success of the business through the Stagecoach Group's bonus and other remuneration schemes and are encouraged to invest through participation in share option schemes.

Directors' report (continued)

For the period ended 30 April 2009

Supplier payment policy

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them. Responsibility for the payment of suppliers lies with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the period end represented Nil days' purchases.

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company.

Other

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors. The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

By order of the Board



M J Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

30 October 2009

Auditors' report

For the year ended 30 April 2009

Independent auditors' report to the members of Stagecoach Rail Replacement Limited

We have audited the financial statements of Stagecoach Rail Replacement Limited for the 50 week period ended 30 April 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Auditors' report (continued)

For the period ended 30 April 2009

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kenneth Wilson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

2 November 2009

Profit and loss account

For the period ended 30 April 2009

	Notes	50 weeks to April 2009 £000
Turnover	2	2,898
Operating costs		(2,605)
Operating profit		293
Profit on ordinary activities before taxation	3	293
Taxation on profit on ordinary activities	6	(85)
Profit for the period		208

The results for the period arise wholly from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

The Company has no gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes form an integral part of this profit and loss account.

Balance sheet

As at 30 April 2009

	Notes	2009 £000
Fixed assets		
Tangible assets	7	<u>15</u>
Current assets		
Debtors: amounts falling due within one year	8	<u>961</u>
		961
Creditors: amounts falling due within one year	9	<u>(768)</u>
Net current assets		<u>193</u>
Total assets less current liabilities		<u>208</u>
Net assets		<u>208</u>
Capital and reserves		
Share capital	11	-
Profit and loss account	12	<u>208</u>
Shareholders' funds		<u>208</u>

The accompanying notes form an integral part of this balance sheet.

Signed on behalf of the Board



C Brown
Director

30 October 2009

Notes to the financial statements

For the period ended 30 April 2009

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period are:

a) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company is not required to prepare a cash flow statement under FRS 1 (revised), because it is a wholly owned subsidiary of Stagecoach Group plc, which prepares consolidated financial statements which are publicly available.

b) Tangible fixed assets

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Fixed assets are shown at cost, net of depreciation as set out in note 7.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Public service vehicles (PSVs), depending on type 7 to 16 years

c) Turnover

Turnover represents contract revenue receivable in respect of the period. The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class.

Notes to the financial statements (continued)

For the period ended 30 April 2009

1 Accounting policies (continued)

d) Taxation

In accordance with FRS 16, corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item.

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis.

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Segmental information

The turnover and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom.

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the period is stated after charging:

	50 weeks to April 2009 £000
Depreciation	
- owned	11
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Auditors' remuneration is borne by the ultimate parent company.

Notes to the financial statements (continued)

For the period ended 30 April 2009

4 Staff costs

The Company do not employ any persons directly. Wages and salaries are recharged from other fellow group companies.

50 weeks to
April 2009
£000

The aggregate remuneration comprised:

Wages and salaries	<u>210</u>
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5 Directors' remuneration

No emoluments were received by Les Warneford, Colin Brown and Robert Montgomery during the period in connection with their services to the Company.

The number of directors who were members of pension schemes was as follows:

2009
Number
3

Defined benefit scheme

The number of directors who exercised share options during the period was as follows:

2009
Number
1

Share option scheme

Notes to the financial statements (continued)

For the period ended 30 April 2009

6 Taxation on profit on ordinary activities

50 weeks to
April 2009
£000

a) Tax charge for the period

Current tax:

UK corporation tax on profits of the period	Nil
Amount payable to fellow subsidiary in respect of group relief	87
Total current tax	<u>87</u>

Deferred tax:

Origination and reversal of timing differences	<u>(2)</u>
Total deferred tax (note 10)	<u>(2)</u>
Tax on profit on ordinary activities	<u>85</u>

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below :

50 weeks to
April 2009
£000

Profit on ordinary activities before tax	293
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	82
Effect of:	
Non taxable expenses	2
Treatment of inter-company transactions	1
Capital allowances less than depreciation	<u>2</u>
Current tax charge for period	<u>87</u>

Notes to the financial statements (continued)

For the period ended 30 April 2009

7 Fixed assets

Tangible assets

The movement in the period is summarised below:

PSVs
£000

Cost

Beginning of period

Nil

Transfers

248

End of period

248

Depreciation

Beginning of period

Nil

Charge for period

11

Transfers

222

End of period

233

Net book value

Beginning of period

Nil

End of period

15

8 Debtors

2009
£000

Amounts falling due within one year:

Amounts due from fellow group undertakings

959

Deferred tax asset (note 10)

2

961

Amounts due from fellow group undertakings due within one year accrue no interest and are repayable on demand.

Notes to the financial statements (continued)

For the period ended 30 April 2009

9 Creditors

2009

£000

Amounts falling due within one year:

Accruals and deferred income	106
Amounts due to fellow group undertakings	575
Inter group relief payable	87
	<hr/>
	768

Amounts due to fellow group undertakings due within one year accrue no interest and are repayable on demand.

10 Deferred tax asset

2009

£000

Accelerated capital allowances	(2)
Other timing differences	Nil
	<hr/>
Deferred tax asset	(2)

At start of period Nil

Deferred tax credit for the period (note 6a) (2)

At end of period (2)

The deferred tax asset is shown with debtors: amounts falling due within one year (note 8).

11 Share capital

2009

£

Authorised:

100 Ordinary share of £1 each 100

Allotted, called up and fully paid:

1 Ordinary share of £1 each 1

Notes to the financial statements (continued)

For the period ended 30 April 2009

12 Reserves

The movement on reserves is summarised below:

	Profit and loss account £000
At start of period	Nil
Retained profit for period	208
At end of period	<u>208</u>

13 Guarantees and other financial commitments

Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking.

14 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 8 and 9.

15 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the Company Secretary at the following address:

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW